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FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of:	)	
2002 Biennial Regulatory Review -- Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 02-277
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MM Docket No. 01-317
Definition of Radio Markets	)	MM Docket No. 00-244

TO THE COMMISSION

SUPPLEMENTAL COMMENTS OF DIVERSITY AND COMPETITION SUPPORTERS

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January 27, 2003

The seventeen national organizations listed below[1] (the "Diversity and Competition Supporters") respectfully submit these Supplemental Comments in response to the Omnibus NPRM.[2] The Diversity and Competition Supporters represent the interests of the nation's minority media consumers.[3] Consideration of these Supplemental Comments is respectfully requested.[4]

1/ Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996 (NPRM), 17 FCC Rcd 18503 (2002) ("Omnibus NPRM").

2/ The Diversity and Competition Supporters include:

American Hispanic Owned Radio Association
Civil Rights Forum on Communications Policy
League of United Latin American Citizens
Minority Business Enterprise Legal Defense and Education Fund
Minority Media and Telecommunications Council
National Asian American Telecommunications Association
National Association of Latino Independent Producers
National Coalition of Hispanic Organizations
National Council of Churches
National Council of La Raza
National Hispanic Media Coalition
National Indian Telecommunications Institute
National Urban League
Native American Public Telecommunications, Inc.
PRLDEF-Institute for Puerto Rican Policy
UNITY: Journalists of Color, Inc.
Women's Institute for Freedom of the Press

3/ The views expressed in these Supplemental Comments are the institutional views of the Diversity and Competition Supporters, and do not necessarily reflect the individual views of each of their respective officers, directors, advisors or members.

4/ MMTC and the National Association of Black Owned Broadcasters (NABOB) had sought additional time to accommodate scholars and expert witnesses who were unavailable during the fall grading period and the holidays. This request was denied by Order, DA 02-3575 (released December 23, 2002). Consequently, on January 2, 2003, the Diversity and Competition Supporters timely filed 147 pages of Comments without material contained herein. Inasmuch as this Supplement is filed before the deadline for reply comments, leave is respectfully sought for its inclusion in the record and its treatment as part of our Comments, nunc pro tunc.

I. Minority Media Ownership

The Omnibus NPRM posed the question of "whether" the Commission "should consider such diverse ownership as a goal in this proceeding." Id., 17 FCC Rcd at 18521 ¶50. Our Initial Comments addressed this question at length. See Initial Comments, pp. 7-81 (the issue); pp. 82-141 (proposed solutions).

To further illuminate the importance of this issue in structural ownership policymaking, MMTC commissioned the "Survey of Recent Literature on Minority Media Ownership" ("Minority Ownership Literature Survey"), Exhibit 1 hereto.[5/] MMTC also secured the statements of four respected authorities on minorities and the media.[6/] These conclusions can be drawn from the recent literature and the statements of MMTC's experts.[7/]

5/ Karin L. Stanford and Valerie C. Johnson, "Survey of Recent Literature on Minority Media Ownership," Minority Media and Telecommunications Council, January, 2003 (Exhibit 1 hereto). The curriculum vitae of Dr. Stanford, Dr. Johnson, and our expert witnesses (see n. 6 infra) are available upon request.

6/ Our expert witnesses are Dr. Hubert Brown, Assistant Professor of Broadcast Journalism, S.I. Newhouse School of Public Communications, Syracuse University (Exhibit 3), Dr. Jannette L. Dates, Dean of the Howard University School of Communications (Exhibit 4), Dr. C. Ann Hollifield, Associate Professor and Coordinator of the Michael J. Faherty Broadcast Management Laboratory in the Department of Telecommunications, Henry W. Grady College of Journalism and Mass Communication, University of Georgia (Exhibit 5) and Dr. Philip Napoli, Assistant Professor of Communications and Media Management at the Graduate School of Business, Fordham University (Exhibit 6).

7/ References to studies annotated in the Minority Ownership Literature Survey are given by the name of the lead author and the page number within the Minority Ownership Literature Survey on which the study is discussed (e.g. "Ryu (1)"). References to the expert witness' statements are given by the name of the expert and the exhibit number of his or her statement (e.g. "Dates, Ex. 4").

1. Minority commercial broadcast ownership is increasing very slowly, without keeping pace with the growth of the industry as a whole. Ryu (1).

2. Empirical evidence has shown a positive correlation between minority ownership and content diversity in the media. Ryu (1), Santa Clara University (2), Ivy Planning Group (2), Squires (5), Jacobs (7), MTDP (9), Wildman (13) (with qualifications), Craft (14), Mason (14), Dates (Ex. 4), and Napoli (Ex. 6). Media products are people-driven, in the sense that the quality of the product that the consumer receives is a direct reflection of the knowledge, expertise, and talent of the individuals who created the product. Thus, the more diverse the pool of people putting together the product, the higher the quality and the greater diversity of content of the product. In that regard, minority ownership promotes diversity. Hollifield (Ex. 5); see also Brown (Ex. 3), Dates (Ex. 4) and Napoli (Ex. 6).

3. Minority media ownership also promotes competition and efficiency. Brown (Ex. 3), Hollifield (Ex. 5).

4. Most minorities tend to be vastly underincluded in television prime time programming, and their portrayals tend to embody invidious stereotypes. Mastro (3), and Goodale (5). Minorities are seldom included as sources in network newscasts and in public radio. FAIR (7), and Rendall (8). Homogeneity in television programming is driven by the fact that large blocks of viewers with similar tastes exert inordinate influence on the supply of programs. Wildman (13).

5. The mass dissemination of stereotypes continues to have a profound dialogue on our public space. Racial cues and codes, transmitted in the media, may substantially influence citizens' political judgments. Such cues not only trigger the association between racial perceptions and political ideology but in turn prompt individuals to become more ideologically distinct in their political evaluations. Domke (2), Dixon (6), and Domke (7).

6. Our society is much more multicultural that the industry realizes, and misunderstandings arise among those who voices are excluded. When certain segments of society are invisible or stereotyped in the media, discrimination against them tends to be regarded as socially acceptable. Dates (Ex. 4).

7. The paucity of African American writers on prime time television dramas (and their clustering on two primarily African American UPN programs) have led to charges of discrimination. Frutkin (5). Minorities also continue to be underincluded in broadcast newsrooms. Editor & Publisher (7).

8. Discrimination and its present effects have constrained the number of small, women owned and minority owned broadcast licensees. Ivy Planning Group (2) and (11).

9. Lack of access to capital has contributed substantially to the low level of minority broadcast ownership. NTIA (9), MTDP (9), Braunstein (12), Hollifield (Ex. 5).

10 Private equity funding for minority broadcast ventures is inhibited by several factors, including lack of referrals and connections, cultural differences, investors' belief that minorities lack experience, and marginal proposals accepted when presented by whites but not by minorities. Fried (15). One creative strategy to increase minority ownership is "equity pooling", under which investors combine their funds into a common pot, with each investor bidding for the pot, the winner being the **low** bidder. Chinloy (8).

11 Radio stations that target programing to minority listeners are unable to earn as much revenue per listener as stations that air general market programing. Minority owned radio stations also earn less revenue per listener than comparable majority broadcasters. 91% of minority radio broadcasters surveyed indicated that they had encountered "dictates" not to buy advertisements on their radio stations; typically, these "dictates" were "no Urban/Spanish" or "no minority." Ofori (4).

12 Media consolidation is increasing rapidly. Compaine (17). Consolidation has coincided with hostility toward and lack of support for minority ownership. De France Washington (17), and Hammond (18). Minorities were largely excluded from media ownership until the 1970s. Dates (Ex. 4). Since then, FCC structural ownership policies have exacerbated minority underinclusion in broadcast ownership. MTDP (9), Ivy Planning Group (11), Wilson (11), Ofori (15), Chester (16), and Brown (Ex. 3). overly restrictive FCC financial qualifications standards also impeded minority ownership between 1965 and 1981. Braunstein (12). FCC policies affecting minority ownership impose quantifiable costs on minority communities. Braunstein (12).

13. FCC policies promoting minority ownership were flawed inasmuch they they created financial incentives for nonminority owners to sell to minorities, but there were no corresponding incentives to keep those stations in the minority community or make those stations profitable. Wildman (13).

14. Minority content providers face fewer barriers to entry in the Internet and other new media. Napoli (Ex.6). While new technologies offer promise for minorities, that promise may not be fulfilled for a number of reasons, including adequacy of bandwidth, the digital divide, insufficient educational resources and access to capital. Ford-Livene (18), and NTIA (19). Consolidation in mass-audience media could push minorities onto the Internet, where they will likely reach a smaller audience. Napoli (Ex. 6).

11. Media Service to Low Income and Rural Families

The Omnibus NPRM sought information on:

> whether the level of diversity that the public enjoys varies among different demographic or income groups. Although access to broadcasting services is available to all individuals in a community with the appropriate receiving equipment, access to other forms of media typically requires the user to incur a recurring charge, generally in the form of a subscription fee. Does this or any other differences between broadcasting and other media reduce the level of diversity that certain demographic or income groups enjoy? Does the fact that 86% of American households pay for television impact this analysis? What is the extent of any disparity in access to diversity, and how should we factor in that disparity in our diversity analysis? 8/

The Diversity and Competition Supporters addressed these issues in their Initial Comments, pp. 142-145. To further illuminate these issues, MMTC commissioned the "Survey *of* Recent Literature on Media Use by Low Income Families" ("Low Income Families Literature Survey"), Exhibit 2 hereto.9/ These

8/ Omnibus NPRM, 17 FCC Rcd at 18520 ¶48.

9/ Karin L. Stanford and Valerie C. Johnson, "Survey of Recent Literature on Media Use by Low Income Families," Minority Media and Telecommunications Council, January, 2003 (Exhibit 2 hereto).

conclusions can be drawn from the recent literature on this subject.10/

1. Traditional media may not be the most appropriate or effective information channels for conveying pro-social messages to young people and low income people. Collins (2). For example, low income people seldom regard libraries as among their major sources of information; the most common information source is friends and family members. Armstrong (3).

2. The fundamental issue affecting rural access to digital technology is the cost associated with longer distances from the customer to the switch. NECA (1). High speed Internet service may not be sustainable in many rural areas. NECA (8). Low income, high cost rural areas are being bypassed by service providers. Bowser (3)

3. The FCC should examine the impact of its media policies on journalism in general and civic discourse in particular. Chester (5). Many news stories important to low income facilities (e.g. stories about consumer fraud) fall victim to broadcasters' susceptibility to the pressure of large advertisers. Just (6). Media concentration can decrease the amount of news and information, to the detriment of those relying on free media or minority media. Shiver (6), and Consumers Union (7). One author theorizes that the interconnectedness of the American people may be threatened if the Internet evolves in a manner that tends to limit access to competing views on public issues. Sunstein (4).

4. In 2000, the fully connected constituted 36% of the population with an ISP or high speed Internet access at home; the partially connected constituted 17% with basic Internet or e-mail service at home; the potentially connected constituted 21% who had no Internet service but do own a computer or have a cellular phone, and the disconnected constituted 26% who did not have any Internet services and did not have a computer or a cell phone. Cooper (1). Low income persons, the elderly and minorities were more likely to be among the disconnected. Cooper (1), NTIA (4), Goslee (4).

10/ References to studies annotated in the Low Income Families Literature Survey are given by the name of the lead author and the page number within the Low Income Families Literature Survey on which the study is discussed (e.g. "NECA (1)").

5. What we refer to as the "digital divide" affecting rural and low income households is unlikely to disappear in the foreseeable future. Cooper (1). Those not online may be cut off from important activities, such as business information, advertising and job listings, and for interactions with government officials. Cooper (1).

6. The digital divide is not caused by a failure of those without access to appreciate the importance of technology; rather, it results from a maldistribution of skills and opportunities. Cooper (1).

Conclusion

These findings contribute to the framework for Commission action to preserve and promote minority ownership, and for the avoidance of regulations grounded on a numerical count of media voices that includes outlets unavailable to low income and rural consumers

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January 27, 2003

EXHIBIT 1

SURVEY OF RECENT LITERATURE ON MINORITY MEDIA OWNERSHIP

Dr. Karin L. Stanford, President and Research Consultant, Stanford and Associates
Dr. Valerie C. Johnson, Assistant Professor, University of Illinois, Chicago

A. Is minority ownership a necessary goal of media ownership regulation?

2. Does minority media ownership promote competition?

a. Which media industry operates more efficiently: one that excludes minorities or one that includes minorities?

h. Which media industry competes more effectively against other media" one that excludes minorities. or one that includes minorities?

Ryu, Seung Kwan, "Justifying the FCC's Minority Preference Policies," ***Communications and the Law*****, March 2001, Vol. 23 Issue 1, p. 61.**

This article investigates how courts have used empirical evidence as the rationale for their decisions in cases regarding the FCC's minority broadcasting and equal protection policies. It also explores which standard of review should be more appropriate in applying the FCC's minority broadcasting and equal protection policies to enhance diversity in U.S. broadcasting.

The study argues that the recent deregulation ti-end of the overall telecommunications industry and the resulting trend toward media consolidation has led to a decline in the number of broadcast owners, threatening minority employment opportunities and diversity in the broadcast industry. Minority commercial broadcast ownership showed a negligible increase of .1%, from 2.5% in 1997 to 2.9% in 1998, a net gain of fifteen stations. It has not kept pace with tlic developments within the industry as a whole. According to tlie author, "minority ownership of commercial broadcast stations is at a lower level today than it was in 1994 and 1995." Minority broadcasters are finding it increasingly difficult to compete in the rapidly consolidating broadcast industry.

In this context, the author maintains that there arc ample grounds for a compelling interest in remedying the past discrimination **to** increase diversity in broadcasting in the United States, considering the decreasing proportion of minority owned stations and persistent ingrained problems in portraying and representing viewpoints of minorities in the historical as well as societal contexts.

The author concludes that intermediate scrutiny would be a more appropriate test than strict scrutiny in deciding the constitutionality of the FCC's minority preference policies. Further, courts not only should address historical and societal discrimination, but also should not ignore empirical evidence as their rationale, which already has shown a positive correlation between minority ownership and program diversity in broadcasting.

3. <u>Does minority media ownership promote diversity?</u>

   a. <u>Is a media industry that excludes minorities less responsive to community needs and interests than a media industry that includes minorities?</u>

   b. <u>Is a media industry that excludes minorities less likely to include certain viewpoints than a media industry that includes minorities?</u>

"Diversity of Programming in the Broadcast Spectrum: Is There a Link Between Owner Race or Ethnicity and News and Public Affairs Programming," Santa Clara University and University of Missouri, December 1999.

The major findings of this report indicate that: minority-owned radio stations were far more likely to choose a program format that appeals particularly to a minority audience; minority-owned radio stations were more likely to provide news and public affairs programming on events or issues of particular concern to minorities; minority-owned radio stations report greater racial diversity of on-air talent; and of radio stations that reported tailoring national news stories to the local community, minority-owned stations were far more likely to tailor the story to minority community concerns.

"Market Entry Barriers, Discrimination and Changes in Broadcast and Wireless Licensing: 1950 to Present," Ivy Planning Group LLC, Rockville, Maryland, December 2000.

The study reports that minority-owned businesses are more integrated into, aligned with, and responsive to the local communities that they serve. Their declining participation in broadcast and wireless ownership, "has resulted in a diminished concern for local issues and needs, which has led to a loss of diversity of viewpoints."

Further, the authors maintain that discrimination and its present day effects have resulted in: fewer small, women and minority broadcast licensees; fewer broadcast stations and wireless licenses owned and operated by small, women and minority licensees; and fewer communities served by local and community-based small, women and minority licensees.

Domke, David, "Racial Cues and Political Ideology: An Examination of Associative Priming," *Communication Research*, December 2001, Vol. 28 Issue 6, p. 112.

This research theorizes that the presence or absence in political conversation of racial cues—that is, references by elites and news media to images commonly understood as tied to particular racial or ethnic groups—may substantially influence whether citizens' racial cognitions contribute to their political judgments. In particular, such symbolic cues in discourse may activate an important linkage between an individual's racial perceptions and political ideology, which some scholars suggest have become closely intertwined in the U.S. political environment.

The study conducts an experiment in which the news discourse about crinie was systematically altered—as including racial cues or not—within controlled political information environments to examine how individuals process, interpret, and use issue formation in forming politicaljudgments. The findings suggest that racial cues not only trigger the association between racial perceptions and political ideology but in turn prompt individuals to become more ideologically distinct in their political evaluations.

Tlic research provides evidence of the impoitance and influence of racial cues in discourse by politicians, interest groups, and news media. Most notable in this study is that political ideology was linked with perceptions of both African Americans and Hispanics, which suggest that for many individuals, racial and ethnic stereotypes become both cognitively embedded and politically enineslied. According to the author, "it seems plausible that many White Americans, in particular, may have a people-of-color schema that integrates perceptions of various non-White populations while also linking these perceptions to a range of political judgments."

Mastro, Dana E., "The Portrayal **of Racial** Minorities **on** Prime Time Television," ***Journal of Broadcasting & Electronic Merlin,*** Fall **2000, Vol. 44 Issue 4,** p. **690.**

In this study, a one-week sample of prime time television (8-11 p.m.) for ABC, CBS, Fox, and NRC was constructed to represent broadcast entertainment programming for 1996. In a systematic content analysis, the frequencies and attributes of ethnic minority and majority characters were documented, with particular attention to Latinos and their interaction with other TV characters. The study's findings update the current status of minority portrayals and identify prevalent attributes of minority portrayls that may impact viewer perceptions.

The overall racial breakdown for individual characters appearing in the full sample in 1996 prime time television programs found: 80% of the main and minor characters were Caucasian, and 52% of the Caucasians were in main roles; 16% were African American, and 56% of them were in main roles; 3% of them were Latinos, and 44% of them were in main roles; 1% were Asian Americans. There were no Native Americans.

The pattern of inclusion of African Americans and the near exclusion of all other ethnic minorities has been continued, maintains the author. Race of television character was strongly related to program type: 77% of Latino appearances were on crime shows, 51% of Caucasians were on situation comedies, and African Americans were primarily distributed between sitcoms (34%) and crime shows (40%).

Conversational and personal attributes among these racial groups were examined. Latinos wore significantly more accessories and jewelry than Caucasians. African Americans were more provocative in their dress than Caucasians, aiid less professional in their dress than were Caucasians. Latino characters fell between the two groups on both attire measures. Latinos were best groomed and the African Americans least well groomed. Conversations involving Latinos were most tense and least spontaneous, particularly when compared to African Anicrican character conversations; Caucasians fell between these two groups on both items. Conversation topics also varied by race. Tlic predominate topics for Latinos centered on crime and violence (30%) and domestic issues (28%). Business/professional issues were the most common topic among Caucasians, at 29%, with crime second at 19%. For African Americans. business, personal relationships and social/leisure issues each accounted for 17% of their topics; crime was not among their top three topics of conversation.

Ofori. Kofi Asiedu, "When Being No. 1 Is Not Enough: The Impact of Advertising Practices on Minority-Owned and Minority Formatted Broadcast Stations," A Report Prepared by the Civil Rights Forum on Communications Policy. Submitted to the Office of Communications Business Opportunities, Federal Communications Commission, Washington, D.C., 1999.

The study, based upon 1996 data for 3,745 radio stations, indicates that stations that target programming to minority listeners are unable to earn as much revenue per listener as stations that air general market programming. The study also suggests that minority-owned radio stations earn less revenue per listener than majority broadcasters that own a comparable number of stations nationwide.

The disparities in advertising performance may be attributed to a variety of factors including economic efficiencies derived from common ownership, assessments of listener income and spending patterns, or ethnic/racial stereotypes that influence the inedia buying process. As preliminary findings, the anecdotal and quantitative evidence suggests that certain practices in the advertising industry undermine marketplace competition and First Amendment principles favoring diversity of viewpoint.

The study recommends further research that is sufficiently funded **to** fully examine its preliminary findings. The study also recommends that the federal government, based upon subsequent research and public comment, develop **a** policy statement on advertising practices and issue an executive order prohibiting federal agencies from contracting with ad agencies that engage in unfair or discriminatory advertising practices. With regard to the private sector, broadcasters, advertisers, and ad agencies should adopt a voluntary code of conduct that prohibits "no Urban/Spanish dictates" and "minority discounts" and that promotes a broad and diverse range of programming of all Americans.

Ninety-one percent of minority radio broadcasters responding to the study survey indicated that they had encountered "dictates" not to buy advertisements on their radio stations. Efforts to overcome "dictates" with market research that justifies ads on minority-formatted stations were most commonly met with no response or no rescission of the dictate by advertisers or ad agencies. Survey respondents also estimated that sixty-one percent of tlic advertisements purchased on their stations were discounted. Forty-four percent estimated that "no Urban/Spanish dictates" and "minority dictates" interfere with their ability to raise capital and to acquire minority-formatted stations, and also detract from the value of iniuority-formatted stations when they are being sold.

Goodale, Gloria, "TV in Black and White," ***Christian Science Monitor*****, 11/20/98, Vol. 90 Issue 250, p. 13.**

The article focuses on African Americans in television programs in the United States in 1998. It notes that tlierc is no single show that defines a black generation. Further, television programs about racial issues to simply including people of other races. The article contends that social issues must be dealt with before television will stop focusing on race. The disappearance of a single representation of blacks has brought about more diverse and realistic images.

Frutkin, Alan James, "Uphill Battle," ***Mediaweek*****, 11/15/99, Vol. 9 Issue 43.**

The article examines a survey addressing the employment discrimination of African American television writers in the United States. According to the survey conducted by the Beverly Hills/Hollywood branch of the National Association for the Advancement of Colored People (NAACP), of the 839 writers employed on prime-time television dramas and comedies (during the 1998 season), only 55 or ***6.6*** percent—are African Anierican.

The survey notes that 40 of those 55 African American writers are employed at UPN and the WB, whereas only 15 are employed on sliows that air on ABC, CBS, NBC and Fox, and that 83 percent of the 55 were employed on black-themed shows. Thirty-three percent of those 55 writers were employed on just two shows—UPN's Moesha and its spin-off, Tlic Parkcrs. These facts have led to charges of discrimination, particularly when one considers that white writers liavc more access. According to the study, producers on black-themed shows arc consistently pressured by the networks to hire white writers. White producers, on the other hand, are not similarly pressured to hire African American writers.

Squires, Catherine **R., "Black Talk Radio,"** ***Harvard International Journal of Press/Politics*****, Spring 2000, Vol. 5 Issue 2, p. 73.**

This article pi-esents research concerning the relationship between media and public spheres through an investigation of an African American owned and operated talk-radio show in Chicago (WVON). The article concludes that, contrary to some scholars' pessimistic view of commercial nicdia's role in the decline of the public sphere, the radio station poi-ti-aycci is an integral and useful institution for the Black public sphere in Chicago.

The study reveals how African American community members and listeners use the station as a public forum wherein traditional political concerns, as well as identity politics, are aired and discussed. Further, the article argues that it Is precisely because the station is owned and operated by Blacks that it is able to draw and sustain a substantial and loyal audience. Because they trust the station to "talk their talk", community members are enthusiastic about participating in the station's conversational activities and are even willing to make personal financial contributions when advertising revenue is low.

Dixon, Travis, and Daniel Linz, "Race and the Misrepresentation of Victimization on Local Television News," ***Communication Research*****, October 2000,** Vol. **27 Issue 5,** p. 547.

This article provides a content analysis of a random sample of tclcvision news aired in Los Angeles and Orange Counties to *assess* rcpresentations of Whites, Blacks, and Latinos as crime victims. Intergroup comparisons (Black vs. White and Latino versus White) revealed that Whites ai-e more likely than African Americans and Latinos to be portrayed as victims of crime on tclevision news.

Interrole comparisons (perpetrator and victim) revealed that Blacks and Latinos are more likely to be portrayed as lawbreakers than as criine victims. The reverse is true of White and Interreality comparisons (television news versus criine reports), which revealed that Whites are overrepresented, Latinos are underrcpresented, and Blacks are neither overrepresented nor underrepresented as homicide victims on television news compared to crime reports. Conversely, African Americans are ovcrrcprescnted, Latinos are underrepresented, and Caucasians arc neither overrepresented not underrepresented as perpetrators on tclcvision news. Whites appear to be overrepresented as victims, while Blacks are relegated to roles as pcrpetrators, and Latinos are largely absent on television news.

According to the author, exposure to the news may lead to a cultivation effect, whereby viewers come to believe that the real world is similar to tlic tclcvision world. Further, White viewers who regularly watch tclcvision news may come to overestimate their chances of victimization and be unrealistically fearful of victimization by Black perpetrators.

Domke, David, "The Press, Race Relations, and Social Change," ***Journal of Communication*****, Summer 2001, Vol. 51 Issue 2, p. 317.**

Scholars from varying perspectives have suggested that discourse in media content may play an important role in shaping and reinforcing perceptions of race relations, particularly among White Americans. However, there has been relatively little systematic consideration of whether and, if so, how discourse in the press has contributed over time to relations between Whites and Blacks.

This study takes **up** this issue by examining the racial ideologies present in coverage by 14 mainstream newspapers of U.S. Supreme Court decisions in 1883 and 1896 that allowed and then institutionalized "separate but equal" race relations. Findings suggest that discourse in tlic mainstream press encouraged racial values and attitudes that were simultaneously being institutionalized in scveral cultural arenas by social Darwinism, Booker T. Washington's accommodationism, and legalized segregation.

Jacobs, **Ronald N.,** ***Race, Media and the Crisis of Civil Society,*** **(Cambridge, UK: Cambridge** University Press, **2000).**

The author argues for tlic importance of tlie Black press. The authors contend that a "Black press" contributcs positively and crucially to public discoursc on racial issues.

Even a liberal White press, and cvcn multiculturalist newspapers such as the *Miami Herald* (with its Spanish edition) or the *Sun Jose Mercury News* (with a Spanish and Vietnamese edition) apparently cannot function in the same manner. According to the author, African Americans lack control over images presented of them and the stories told about them to their detriment as well as society's.

"A civil society consisting of multiple publics requires a media system consisting of multiple media," asserts Jacobs. Jacobs focuses on Los Angeles and specifically the 1965 events in Watts and in 1992 following the Rodney King beating trial verdict. Content analysis of a half dozen papers, the leading pairs of Black and White papers in New York City, Los Angcles, and Chicago, reveals significant differences. With Watts, the Wliitc papers valorized tlic policc and condemned tlic rioters. The Black papers conversely condemned tlie policc, but took a nuanced view of the rioters as perhaps having worthwhile goals pursued by counterproductive means.

Jacobs points out that tlic loss of Black newspapers has not been matched by an opening tip of White newspapers. If racial justice remains a goal, it will bc ncccssary both to preserve tlic dislinctivcncss of Black newspapers and to ensure the integration of White newspapers.

Editorial, "Explain Diversity **Gap,"** ***Editor and Publisher,*** **7/16/2001,** Vnl. **134 Issue 28, p. 14.**

This editorial examines the declinc in tlic diversification of daily newspapers. According to the author, TV news is doing a far betterjob than daily newspapers. Journalists of color hold 21.8% of all jobs in English-language TV newsrooms. When Spanish-language stations are added, the percentage of minority TV journalists climbs to 24.6%. By contrast, people of color held just 11.6% of doily newspaper journalism jobs—a decline from 2000.

According to the author, it is true that the threat of losing their federal license makes broadcasters far more sensitive to demands for diversity. Nonetheless, TV news is hardly perfect. Minorities account for just 6.5% of news directors at English-language stations, but 9% of newspaper supervisors.

"Who's on the News," Fairness & Accuracy in **Reporting (FAIR),** June **2002.**

This study examines racial and gender bias in network news sources (ABC World News Tonight, CBS Evening News and NBC Nightly News) in 2001, and finds that 92 percent of all U.S. sources interviewed were white, 85 percent were male and, where party affiliation was identifiable, 75 percent were Republican. According to the report, big business was also overrepresented. In a year in which the country lost **2.4** million jobs. corporate representatives appeared about 35 times more frequently than did union representatives, accounting for 7 percent of sources versus labor's 0.2 percent.

Racial imbalances in sourcing were dramatic across the board. Ninety-two percent of sources were white, 7 percent were black, 0.6 percent were Latino, 0.6 percent were Arab-American, and 0.2 percent were Asian American. Out of a total of 14,632 sources, only one (on NBC) was identified as Native American.

Rendall, Steve, and Will Creeley, "White Noise: Voices of Color Scarce on Urban Public Radio, *Extra*, Fairness & Accuracy in Reporting (FAIR), October 2002.

The article reports findings of an *Extra* survey of public radio stations in seven U.S. urban markets (KCRW in Los Angeles, KQED in San Francisco, WBEZ in Chicago, WNYC in New York City, WAMU in Washington, D.C., WABE in Atlanta, and WLRN in Miami). According to survey results, the dominant voices on the leading public radio stations are overwhelmingly white (88 percent) and predominantly male (69 percent).

The dominance of white, male voices contrasts with public radio's professed mission of inclusiveness, especially when considering the diversity of the metropolitan areas the stations serve.

Chinloy, Peter, "Equity Pooling and Media Ownership," *Federal Communications Law Journal*, Vol. 51, No. *3*, p. 557-575, May 1999.

This article examines methods to increase the diversity of ownership of media outlets. According to the author, there are several reasons why public policy might be focused in this direction. First, the media has a public goods characteristic where private pricing is not proportional to the benefits obtained by any one consumer. With high fixed costs and virtually no marginal costs, there are barriers to entry for capital constrained entities. Second, the media disseminates education and culture, which are not homogeneous. Third, corporate ownership may target programming and content toward median and representative consumers, restricting access to a diverse audience.

The article offers a proposal for pooling equity for purchase of media properties. It is based on widespread practices for savings pooling used in inner city and immigrant communities, but with certain wrinkles that facilitate securitization, diversification, and increased access. The basis of the contract is the rotating saving and credit amount used to pool savings to achieve capital accumulation. These accounts provide funds for a down payment on a house or to buy a small business. Investors combine their funds into a common pot. Each investor bids for the pot, the winner being the low bidder.

To apply the equity pooling concept to the purchase of media properties requires modification of existing arrangements. For the media pool, investors receive a package of two assets: a return and a management right. They are required to participate in a series of investments, although they can transfer their slot by sale to another investor.

The article outlines an implementable strategy for expanding ownership of media properties. The strategy achieves diversification and is incentive compatible by establishing bidding markets for management and content. Diversification reduces the risk of concentrating on one property and one market. Setting up markets for management, with requirements that management hold a substantial equity position, reduces the tendency to maximize expenses and shifts them toward maximizing profits, while attaining cultural objectives.

C. <u>Whv is minoritv participation in media ownership so slight?</u>

"Changes, Challenges, and Charting New Courses: Minority Commercial Broadcast Ownership in the United States," National Telecommunications and Information Administration (December 2002).

In addition to providing a history of National Telecommunications Infonnation Administration's (NTIA) role in promoting minority ownership, this report also provides important data on the current status of diversity in broadcasting. Overall, NTIA concludes that the representation of minorities in broadcast ownership is low, in comparison to the overall minority population and non-minority ownership totals. Data indicates that this underrepresentation is directly related to the lack of access to investment capital and the lack of legislation and policy initiatives to promote minority ownership. The disparities emphasize the continuing need for initiatives that address those issues, which prevent minorities from fully participating in telecommunications ownership.

Minority Commercial Broadcast Ownership in the United States, A Report of the Minority Telecommunications Development Program, National Telecommunications And Information Administration and United States Dept. of **Commerce, 1997.**

The report provides research data on the underrepresentation of minority broadcast ownership. It also seeks to determine the source of the underrepresentation. According to the report, historically, minority broadcast owners and advocates for minority broadcast ownership have argued that this underrepresentation is due to the lack of access to investment capital and the lack of policies and incentives designed to promote minority ownership in the telecommunications industry. The Minority Telecommunications Development Program (MTDP) has gathered anecdotal and empirical data that support this claim. Research indicate that minorities still lack access to the capital necessary to develop broadcasting businesses, and that there are now fewer policy initiatives and incentive-based programs for minority commercial broadcast ownership than there was in 1990 when MTDP conducted its initial broadcast ownership survey. Moreover, changes in industry policies and government regulations have increased station prices, reduced ownership diversity, increased the challenges faced by minority commercial station owners competing for advertising revenues, rescinded key incentive-based programs designctl to encourage minority ownership in comniercial broadcasting, and ultimately, increased concentration of inedia owncrsliip.

The first significant change occurred in 1990, whcn the FCC declined to extend cnliancement credits for minority ownership under diversification of ownership criterion in comparative hearing processes. Pcrhaps the most significant change in commercial radio broadcasting occurred in Septembcr 1992, whcn the FCC relaxed the national ownership caps to allow a single licensec to own up to I8 **A M** and 18 FM stations nationwide. Local owncrsliip rules similarly were modified to permit a single owncr to own an increased number of stations within a local niarltet, depending on market size, The rules also provided that an entity could hold a noli-controlling interest in an additional three stations in each scrvicc if minorities or small businesses controlled those stations. Most large group owners have not taken advantage of this incentive. The increase in national ownership limits has resulted in a dramatic increase in the number of commercial radio stations controlled by a single entity, an increase in station prices, and the growth of competing nicdin in recent years. This is extremely problematic considcring that large group owners have significant control over the local media marketplace and an advantage in dominating attractive advertising demographics and dictating the terms for advertising. This kind of control by large group owners will make it increasingly difticult for minority owned stations to compete in the marketplace. Consequently, the current limits will drive minorities out of broadcast ownership and preclude new minority owners from entering the industry.

In addition to the FCC's relaxation of ownership caps, in 1995, Congress repealed the minority tax certificate program that pi-ovided **tax** benefits to the seller of a media property who sold to a minority investor. Further, the 1995 Supreme Court ruling in *Adarand Constructors, Inc. v. Pena*, that race-based preferences awarded by the federal govcrnmcnt arc subject to a standard of strict scrutiny, has created new challenges for dcsigning govcrnmcnt incentive programs that arc based on race. Minority advocates fear that these changes threaten the future of govcrnrncnt incentive prograins for minorities.

The passage of the Telecommunications Act of I996 created even more deregulation in commercial broadcasting. Its attempt to increase competition drove station prices to their highest levels. Under the provisions of the 1996 Act, a single company can have radio holdings in a market that are substantial enough to result in its control of up to 40 pcrccnt of the advertising revenue in that market. Minority owners now face increasing difficulty in generating revenues that are sufficient to maintain viable businesses in markets where one company exercises this degree of control.

The report concludes that minority broadcast owncrship is desirable because it enhances diversity of viewpoint and minority broadcast employment. The report also concludes that it is time for rcncwed examination and public debate about the impact of media concentration, and the importance of niinority ownership to localism, diversity and universal service. Policymakers, legislators, and industry professionals in both the public and private sectors need to think anew about which tools and methods will effectively increase minority participation in the broadcast and telecommunications industries. NTIA has argued consistently that diversity ofownership provides for multicultural expression and awareness, and helps bring focus to issues of particular importance to individual communities. In addition, minority owned firms tend to hire minorities more often than non-minority firms, and often in professional positions. NTIA believes that these are important goals and will continue to work to bring these issues to the fore.

"Market Entry Barriers, Discrimination and Changes in Broadcast and Wireless Licensing: 1950 to Present," Ivy Planning Group LLC, Rockville, Maryland, December 2000.

This study finds that women and minorities have faced pervasive discrimination. as well as small business market entry barriers, particularly in the fifties and sixties. The FCC attempted to ameliorate that discrimination in the seventies, eighties and early nineties through the tax certificate, distress sales, comparative merit, and lottery preferences. According to the study, minorities and women made modest gains in broadcast ownership during this period, amidst persistent capital market discrimination and other small business market entry barriers. However, those gains were essentially reversed in 1995, by both Congress's elimination of the tax certificate program and the Supreme Court's decision in *Adarand,* which made it significantly more difficult for race-conscious rules and policies to be implemented by the FCC. The deregulation and the lifting of ownership caps under the Telecommunications Act of 1996 made these barriers nearly insurmountable for small, minority- and women-owned business attempting to thrive or even enter the broadcast industry.

According to the Ivy Planning Group, "The sequence of rollbacks of minority and women ownership programs and credits, industry-wide deregulation, industry-wide consolidation, even, absence of accurate, up-to-date statistics documenting the full impact on women and minority participation, have combined to present significant barriers to women- and minority- owned businesses being significantly represented in broadcast and wireless ownership."

Wilson, Thomas G., *Federal Communication's Commission Policies and the Growth of Minority Ownership of Broadcast Stations from 1977 to 1993: A Critical Analysis* (Howard University 1994).

Wilson's dissertation is a study of the relationship between the major Federal Communications Commission's (FCC) diversity and ownership policies and the sustained growth of minority ownership of broadcast stations between 1977 and 1992. The policies considered are limited to the following: (1) the Communications Act of 1934, which is treated as background; (2) the following 1978 to 1982 policies--the Minority Ownership Amendment of 1978 and the Radio Deregulation Amendment of 1981; (3) the Multiple Ownership Rule of 1986 which changed ownership limits from the 7-7-7 Rule to the 14-14-14 Rule; (4) the two Multiple Ownership Rule changes of 1992:

the first occurred in March 1992, changing the limits from the 14-14-14 Rule to the 30-30-14 Rule, and the second occurred in August 1992, changing the limits to the current 23-23-14 Rule; and (5) the effect of projected ownership limit increases through 1993 and beyond.

In essence, the collective results of this study suggest that the FCC policies combined with those of the U.S. Economic Development Administration (EDA), lending institutions and advertisers, have had a cumulative adverse effect on the sustained growth of minority ownership of broadcast stations. This study further contends that because wealth has generally remained in the top 5% of the population, the majority of broadcast stations remain in the hands of a few.

The study recommends that future FCC diversity policies should not be developed in a vacuum. These policies should include more economic development aspects, especially equitable access to capital for station start-up, maintenance, and expansion.

The author contends that it is because of the actual/perceived power of the media (especially the electronic media) to influence change, and their potential as a mirror of all human existence, that minorities demand to become broadcast property owners. As such, they can control and/or influence the interpretation of the "labels and images" of themselves that are presented by those media. Additionally, it is possible and probable for minority ownership and management to make program content diversity available to all viewers in the marketplace, thus, increasing the democratization of information and decreasing cultural and intellectual domination of information.

Braunstein, Yale, "The FCC's Financial Qualification Requirements: Economic **Evaluation of a** Barrier **to Entry** for Minority Broadcasters," ***Federal Communications Law Journal*, Vol. 53, No. 1** (December **1, 2000).**

In 1965, the Federal Communications Commission articulated certain financial requirements that applicants for broadcast licenses must satisfy. Specifically, applicants had to show they had sufficient funds to cover application costs, construction costs, and the operating expenses for one year without any revenue offsets. This standard, known as the *Ultravision* rule, was liberalized by the Commission in a series of decisions in 1978, 1979, and 1981. In announcing these actions, the Commission explicitly cited its concern about the level of minority ownership of broadcasters. The Commission considered its action to be one that will provide a more reasonable and realistic financial qualification standard for all aural applicants and will specifically benefit minority applicants seeking entry into the radio broadcast service. The Commission's decision here is based, in large part, on the finding, in its 1982 Minority Ownership Task Force Report, that station financing has been a principal barrier to minority broadcast ownership.

Braunstein considers his article timely because of: (1) the renewed interest of the Commission in increasing minority ownership of broadcasters, (2) the changes in ownership limits enacted in the Telecommunications Act of 1996, and (3) the planned use of auctions to award new television broadcast licenses, possibly raising new barriers to the entry ofniiiiorities. Braunstein's article focuses on how one might collect and analyze evidence to measure the economic cffccts of the financial qualification requirements. His article ignores the questions whether these requirements are politically desirable or constitiitionnl, but instead focuses on economic, not legal analysis. It examines three major research questions: (1) did the FCC's financial qualification regulations in the 1980s create an unreasonable disadvantage to minorities in the award of new broadcast licenses? (2) Can one measure tlic economic effects on minority broadcasters, on minority employment, and on program suppliers'?(3) Can one detect any effect on programming and editorial content of these financial requirements?

Braunstein sets forth a financial model of an archetypal radio broadcast group that enables the estimation of the value of an individual broadcast property and to the calculation of tlic cffccts of various practices and policies on that value. The logic is straightforward: ii'a certain practice (e.g., discrimination in lending) or policy (e.g., discontinuation of minority tax certificates) raises the cost to the entrant, it removes wealth from the minority community. Regardless of whether the original effect occurs all at once or over several years, as in the case of higher iiitcrcst rates, the change in wealth is measured in dollars as a lump sum. For example, the hypothetical data found that an increase in the interest rate for the long-term loan at start-up led to a value reduction of approximately $440,000 per station at today's prices. Using a similar approach, the model demonstrated that discontinuation of the minority tax certificate program results in a loss of value of approximately $1.5 million for each station transfer that is affected (again, in current dollars). This article addressed hvo other questions in addition to tlic effects of'barriers to entry on the dctcrmination of value. The cffects of barriers on employment can be measured within the framework provided here, although this article does not show any sample calculations. It is likely that the largest portion of these cffccts will result from the "strong" barrier cases. If minority groups cannot acquire stations because **of** the lack of funding, the composition of the workforce docs not change.

Wildman, Steven S. and Theomary Karamanis, "The Economics of Minority Programming," in *Investing in Diversity,* The Aspen Institute **(1998).**

The premise of this paper is that prograins that can be beneficial to America's underserved population arc undersupplied by the U.S. television industry. The authors examine tlic economic factors contributing to the low supply. With the exception of issues related *to* minority ownership, the constraints on supply of minority programs relate to the fact that large blocks of viewers with similar tastes exert inordinate influence on the supply of programs. There is evidence to suggest that minority ownership should liavc a positive impact on the supply of minority programming, but the authors do *not* consider that evidence conclusive. It is not clear that FCC programs that promote minority ownership would help, considering that FCC policies create financial incentives for tion-minority owners to sell to minorities, but there are no corresponding incentives to keep those stations in the minority community. The lack of profitability, i.e. advertising revenue for minority owners reduces the incentive to maintain the media entity in minority hands. Greater protitability for minority-controlled media should further increase the supply of mitiority programs.

1. **What has** been **the** impact **of** discrimination and its **present** effects on **minority** media ownership?

Craft, Stephanie Lynn, ***The Impact of Diverse Broadcast Station* Ownership *on Programming*, Stanford** University, **2000.**

The results of Stephanie Craft's dissertation provide support for FCC policies designed to increase minority broadcast ownership. Her research indicates that diverse ownership is positively related to diverse programming behavior.

In the thirty years since the Kerner Commission faulted the media for inadequate coverage of minority communities and concerns, the Federal Communications Commission has undertaken a number of initiatives to increase minority participation in broadcasting. Increasing the number of minority broadcast station owners has been considered one way to foster programming diversity. Policies to increase ownership through preferences accorded to minorities in the licensing process, however. have been challenged in the courts in part because of a lack of evidence that ownei-ship diversity and programming diversity are linked.

This study investigates whether a link exists between ownership and news and public affairs programming diversity. To answer the question, data on programming and practices were gathered for a sample of minority- and non-minority-owned radio and television stations operating in the same markets (N = 2 11). Respondents were people with authority over the stations' news and public affairs programming; 30 were station owners. Minority- and non-minority-owned stations reported significantly different programming and practices in three areas: News and public affairs programming targeted to minority audiences, involvement of owners in decision-making regarding news and public affairs programming, and reliance on audience-initiated contact to assess audience demand. Of eight hypotheses, six were supported.

Mason, Laurie, Christine M. Bachen, and Stephanie **L.** Craft, "Support **For** FCC Minority Ownership Policy: **How** Broadcast Station Owner Race or Ethnicity Affects **News** and Public Affairs Programming Diversity," ***Communications Law and*** *Policy,* **Vol. *6*, No 1** (January **2001.)**

This article supports the position that minority ownership does contribute to broadcast diversity, especially in the broadcast of events and issues of presumed interest to minority audiences. This article details an investigation of the relationship between the race or ethnicity of broadcast station license-holders and the contribution those stations make to diversity of news and public affairs programming. Several federal policies favoring minority ownership of broadcast licenses assumed such a relationship, yet empirical evidence of the link was limited. A nationwide telephone survey of 209 news directors at radio and television stations reveals that minority-owned radio stations emphasize issues of presumed interest to minorities more than do the majority-owned counterparts. For both television and radio, the percentage of minority news and public affairs staff at a station positively correlates with such programming as well. Whether such social scientific evidence could effectively support a return to minority preference policies is discussed in light of the current legal climate, which strongly disfavors discrimination, however benignly intended, on tlie part of government.

Vance H. Fried, "Private Equity Funding for Minority Media Ownership," ***Federal Communications Law Journal,* Vol. 51, No. 3,** (May **1999),** p. 609-626.

This article details the importance of private equity financing for all sizes and types of media companies. According to the author, much of the rapid growth of the Internet has hccn financed by private cquity. The private cquity market is an important source of funds for. minority media companies. It is a large market that is able to meet a variety of tinancing nccds. However, tlie minority nicdia entrepreneur must realize that this is a strictly pi-ofit-oriented investment **market.** The same investment process and criteria will he applied to minority media proposals as will be applied to non-minority media proposals. This process may present some problems for minority entrepreneurs since most private cquity investors arc not minorities.

Fried lists several pi-ohlcms for minorities: 1) lack of referrals and connections to private equity investors; 2) cultural differences that may send the wrong or confusing messages to the investor or entrepreneur; 3) belief that minority owners may lack experience with larger markets; arid **4)** marginal proposals are sometimes accepted when submitted by whites, but not minorities. These problems serve as a partial explanation for tlie disparities in ownership between minorities and lion-minorities.

2. <u>What has been **tlie** impact **of** media consolidation **on** minority media ownership?</u>

Ofari, **Kofi, Vincent** Edwards, Karen Thomas and John **Flateau,** ***Blackout? Media Ownership Concentration and the Future of Black Radio,*** Medger Evers College, City **of New** York, **1997.**

In *Blackout*, the authors address tlie issues that threaten the survival of Black radio. They argue that the deregulation of radio, resulting from the Telecommunications Act, has resulted in an explosive number of mergers and acquisitions that have placed the ownership of radio in fewer hands. This report is divided into three parts - "Closing Windows," "Opening the Windows of Opportunity," and "Windows of Opportunity Beyond Radio. "Part I details the regulatory history leading up to the current era of deregulation and ownership concentration. It provides data on the status of Black entrepreneurs and an overview of judicial and regulatory decisions that have erected barriers to market entry. Part II provides policy recommendations for state and federal officials. It outlines three proposals: 1) the enactment of a tax certificate policy for small businesses; 2) technical and financial assistance for entrepreneurs funded by private sources of capital; and 3) the enforcement of anti-trust standards by state officials. Part III, "Windows of Opportunity Beyond Radio," describes emerging technologies that offer an alternative to radio for disseminating news and information and furthering economic development. Some of the teclinologics, such as personal communication scrviccs, are not content-based and do not contribute to the objective of diversity *of* viewpoint. Nonetheless, the ownership of these technologies will serve to modernize the communications infrastructure in disadvantaged communities and provide a basis for economic development and enhanced quality of life.

During 1996, tlicre was a loss of 26 Black radio stations - 8 **A M** stations and 18 FM stations. In prior years, there was a net loss *of* seven stations in 1994 and a net gain of ten stations in 1995. These developincnts, combined with ownership consolidation in national and local markets, have led the authors to conclude that the unprecedented decline in Black station ownership during 1996 was in part precipitated by passage of the 1996 Telecommunications Act. The 1996 Act permits the ownership of an unlimited number of radio stations nationally and up to eight radio stations in the major markets

The number of stations owned by the nation's top 50 radio groups, on the other hand, increased from 876 in 1995 to 1,435 in 1996. Within approximately one year of passage of the Act, tlic top ten radio groups owned 821 stations, 320 of which were controlled by one privately-held investment firm. Prior to the 1996 Act, no single entity owned more than X0 stations nationally. Competition is a reality of the marketplace that has been traditionally accepted by Black entrepreneurs. However, the new competitive landscape favors doinination by the large radio groups.

Large firms, able to access capital at lower costs. are in a position to quickly establish a dominant market presence. This is often accomplished by acquiring an entire group of stations - something that now Black entrepreneur has been able to accomplish.

From an entertainment perspective, the format of Black radio can be expected to survive. Large radio groups that acquire stations from Black entrepreneurs are not expected to alter their Black-oriented formats - at least, not in the near future. **As** this transition takes placc, however, the ability of Black pcoplc to control the flow of news programming entering their community will be significantly undermined. By the year 2001, major corporate interests -the new owners of "Black radio" - will have substantially influenced the course of events in the Black community. The authors contend that elections, views and opinions espoused over the air, and cultural views and norms will all be iinpactcd by the dramatic changes in media ownership that is already taking placc.

Chester, Jeff, "Minority Ownership ***of*** Major Media: An Endangered Species **Going** Extinct," (Decemher 16, **2002)** and "Minorities and **the** Media: Little **Ownership and Even** Less Control," Center **for** Digital Democracy. (December **16, 2002).**

In two articles, Jeff Chester, Executive Director of the Center for Digital Democracy attributes the decrease in minority media ownership to the passage of the 1996 Telecommunications Act. In both articles, Cliester argues that the deregulation that has occurred since the enactment of the Telecommunications Act has led to an extension of white-owned conglomerates, which also control handpicked channels to serve African Americans, Hispanics/Latinos and others as an extension *of* the commercial marketplace.

Hence, despite their growing populations, persons of color will most likely play supporting roles when it conics to malting decisions about how the media system should reflect their interests. The Center argues that inedia consolidation has actually decreased competition and diversity For example, between 1995 and 2001. tlie number of individual radio station owners declined by 25%. In 1996, Westinghouse, the largcst radio owner, owned 85 stations. In 2001, the largest owner, Clear Channel, owned 1,202 stations. Many minority broadcasters, many of whom are single-station owners, believe that it is practically impossible to compete with media conglonierates of this size for listeners. advertisers and even on-air talent.

Compaine, Benjamin M. and Douglas Gomery, *Who Owns the Media? Competition and Concentration in the Mass Media,* 3rd edition, (Mahwah, N.J.: Erlbaum, 2000).

The primary objective of this book is to update a series begun with the first edition of *Who Owns the Media?* in 1979, and its update in 1982. The authors chronicle the myriad changes in tlie iiicdia industry and the factors that contribute to those changes. In addition to examining liow technological forces are reshaping the mcdia industry, they examine the characteristics of compctitioii in tlic inedia niarkctplacc.

The objective of the original editions holds for this one as well: "to bring together as much relevant data as feasible on tlie nature and degree of competitions and ownership in the mass media business." Another objective, in line with tlie title, is to specifically identify tlic owners of media properties. This includes tlic corporate owners and, to the limited extent possible, many of tlie largest individual and institutional owners of the media corporations themselves. The book explores the extent of concentration in the media industries as the 20th century ended, and compares then-current levels with those of previous periods.

In the two concluding chapters, the authors differ with one another on the interpretation of the data. But as the authors note, "such differences of analysis and interpretation define the very debates of media ownership." Compaine sees that the merger of cable companies should be positive for greater competition in the merging arena of telephony and data transmission. Gomery looks at tlic same events and expresses concern that AT&T's domination of the consolidation in the cable industry. The authors ultimately urge rcadcrs to draw their own conclusions on the issue of consolidation.

De France Washington, Kadesha, *Federal Communications Commission Minority Broadcast Ownership Policies. A Critical Race Theory Analysis of Judicial Assumptions in Court Decisions: The Convergence of Race arid Law* (University of Tennessee, 2001)

In her dissertation, Washington states that tlic current trend toward consolidation in the broadcast industry has coincided with increased hostility toward and lack of support for minority ownership. She argues that deregulation has left the decisions of service programming to economic forces that operate within the broadcast industry. With the increasing relaxation of government regulations broadcasters have discretion in how they serve the public's interest. From the early 1990's until the present, the FCC minority preferences have been challenged and superceded by major court decisions and the deregulatory movement. Not surprisingly, the period since the Telecommunications Act of 1996 has seen a decline in minority ownership and arguably in marketplace diversity.

This dissertation uses critical race theory as a basis to probe legal and regulatory transitions in the area of minority ownership and their implications for marketplace diversity and public interest. Through the examination of judicial decisions involving minority broatlcast ownership, this dissertation analyzes the expressed or implied assumptions of the judiciary in reaching those decisions; provides a critical analysis of those assumptions; discusses the implications and results of those assumptions on minority broadcast ownership; and suggests approaches to promote diversity and minority ownership in a deregulated media environment.

Both primary and secondary authorities were integral to this research. First, there is a collection of United States district court, appellate court, and Supreme Court cases in the area of minority ownership and minority owncrsliip policies promoted by tlic FCC. Second. analysis of cases consisted of reviewing majority and dissenting opinions. Placing majority and dissenting opinions in the framework of critical race theory, the study continued with determining the judicial rationale and arguments.

Hanimond, **Allen** S., **IV,** "Measuring **the Nexus:** The Relationship Between **Minority Ownership** and **Broadcast** Diversity After Metro Broadcasting." ***Federal Communications* Low *Journal*** **Vol. 51,** (May **1999).**

Similar to Washington's dissertation, Hammond considers the impact of legal decisions on minority ownership. He begins his analysis with *Metro Broadcasting, Inc. v. FCC*, where the Court found a nexus between minority ownership and diversity of viewpoint. However, tlic reccnt *Lutheran Church-Missouri Synod v. FCC* decision dismissed the government's arguments that a nexus exists between minority employment in broadcast stations and greater diversity in broadcast programming, and that the government lias an intcrcst in fostering such diversity. Given the challenge of the *Lutheran Church* opinion and potentially significant changes in tlie regulation and operation of the broadcast market, sole reliance on *Metro Broadcasting's* holdings inay be ill advised and a new study documenting tlic continued existence of tlic nexus may be wananted.

3. <u>**What** has been **the** impact **of** new **technology** on minority media ownership?</u>

Levine-Ford, **Marcelino, "The** Digital Dilemma: Ten **Challenges Facing** Minority-**Owned New** Media Ventures," ***Federal Communications Law Journal*, Vol. 51, No. 3** (May **1999), p. 577-608.**

According to the author, minority-owned companies conipeting in print publishing, radio, broadcast television, cable, and telecommunications industries have had no shortage of challenges, setbacks, and failures. Minority-owned companies are struggling to stake a claim in tlic new media frontier. Some cliallengcs they face are unique to the underlying technology, uncertainty, and international reach *of* the Web. There should be a sense of urgency with respect to minority participation on the Web. If the promise of broadband leads to new niedia outlets that arc profitable and more dynamic than traditional media, then minorities cannot afford to be left out.

The purpose of the article is to identify and discuss ten challenges affecting minority participation and ownership offor-profit new media outlets on the Web. While many of these challenges affect for-protit new media companies regardless of Ownership, mission, linancing, target market, or race, some arc unique to minority-owned companies and their target audiences. The ultimate goal here is to present a wide range of rclevnnt issues and pi-oblcms affecting minority ownership of media outlets on tlic Web as a step toward stimulating thought and encouraging discussion of strategies to overcome these challenges. The cliallengcs include: The Bandwidth Bottleneck; The Digital Divide; Education; Access to Capital; How to Make Money; Burn Rate; and Content/Programming Mix.

With regard to adequate bandwidth, Ford-Livcne argues that today's bandwidth constraints create one of the most important issues to be addressed in the area of telecommunications policy and regulation. This is the case particularly for the connectivity of underserved Americans. According to Ford-Levine, "the bandwidth bottleneck will have a serious impact in the battle to empower all Americans to participate in the communications marketplace."

With regard to the digital divide, tlic author notes that in the final analysis, the essence of technology out to be service. However, tlie rate at which information technology is adopted by the masses is quite unpredictable. If a person's education, salary, neighborhood, and station in life dictate whether or not he or she can utilize infonnation technology as a toll, then the vision behind the promise of this technology is inherently flawed, maintains Ford-Lcvinc.
The author notes that the digital divide presents much cause for alarm. "In order to participate fully in this new medium," she argues, "minorities must be a part of its development from its inception. If they do not actively take part in this process as users, developers, nianufacturcrs, owners, or visionaries, they will have no impact on the evolution of the Web as a mainstream media source."

"Changes, Challenges, and Charting New Courses: Minority Commercial Broadcast Ownership in tlic United States," National Telecommunications And Information Administration (NTTA), (December 2002).

This NTIA Study devotes some discussion to new technologies and minority ownership. As conventional broadcast technologies converge with new media, broadcasters are confronting tlie challenges of adapting to new technical standards and developing effective uses for tlic new technologies to serve existing audiences and attract new nutlience nicnibcrs. In tlic midst of the challenges, sonic minority owners have found opportunities *to* chart new courses for their enterprises and impact the broadcasting industry.

The growing consumer demand for high-speed high capacity networks to transmit large amounts of data motivated some broadcasters to organize the Broadcasters Digital Cooperative (HDC). The group is a coalition of stations that have agreed to dedicate a portion of their digital television spectrum for high-speed broadband data transmission. This group's intent is for the effort to generate new revenue streams. The expense of digital conversion at a time of declining network compensation has increased the need for such new revenue sources.

Many of MTDP's survey respondents to this study indicated future plans to begin Internet radio broadcasting if they have not already done so. Webcasting their on-air programming may represent a relatively low cost way for stations to reach broader audiences without tlic cxpensc of acquiring additional stations. The possibilities abound for new technologics to lead minority broadcast owners to new audiences and to greater competitive strength. Strategic station clustcring and public market capital offer possibilities for minority owners to consider. However, even as NTIA urges minority owners to explore them arid chart new courses for their futures, NTIA recognizes that serious challenges persist.

EXHIBIT 2

SURVEY OF RECENT LITERATURE ON MEDIA USE BY LOW INCOME FAMILIES

Dr. Karin L. Stanford, President and Research Consultant, Stanford and Associates
Dr. Valerie C. Johnson, Assistant Professor, University of Illinois, Chicago

A. Should media service to low income families be a necessary goal of ownership regulation?

I Is there an information gap in society?

a. What number and range of media voices do low income families receive, compared with the public as a whole?

b. Is there a racial component to the information gap?

c. Do low- income families use media differently from the way other families use media?

"Paving the Digital Highway, NECA 2001 Access Market Survey," National Exchange Carrier Association (NECA), 2001.

Sparse rural populations spread over wide areas assume increased costs associated with the longer distances from customer to the switch. Transmission devices that are essential for quality voice communications over long distances severely limit the usable bandwidth for data transmission. Networks that have historically provided voice transmission must be upgraded to also enable high-speed advanced communications.

Cooper, Mark N., "Disconnected, Disadvantaged, and Disenfranchised: Explorations in the Digital Divide," Consumer Federation of America, October 11, 2000.

This report documents the existence of the digital divide and demonstrates that it is not likely to disappear in the foreseeable future. A direct comparison of a broad range of cyberspace and physical space activities for commerce, information gathering, education. civic discourse and political participation, shows that the disconnected are. in fact, disadvantaged and disenfranchised.

The deprivation is not only relative, it may be absolute. Those not online may be cut off from important activities. Businesses may effectuate market segmentation by restricting activities to cyberspace, to screen out less attractive customers. For example, "instead of 800 numbers, advertisers may give websites for further infomiation; jobs may be listed on websites, but not advertised in physical space."

According to the report, the *fully connected* constitute 36% of the population with an internet service provider or high speed Internet access at home; the *partially connected* constitute 17% with basic Internet or e-mail service at home; the *potentially connected* constitute 21% who liave no Internet service, but do own a computer at home or have a cellular phone. The *disconnected* constitute 26% who do not have any Internet services and do not have a computer or a cell phone.

The study shows sharp differences in demographics across groups. Lower income persons, elderly and minorities arc more likely to be among the disconnected.

The author ai-gues that the digital divide is an important policy issue because the Tntei.net has already become a significant means of communications and commerce in society. Households with access use it for important personal, cultural and civic activities while those without access arc at a disadvantage in conducting similar daily activities. They cannot shop as effectively or conveniently, are not offered attractive pricing plans, and cannot gather information or contact public officials and other people as effectively. They become less effective consumers and citizens relative to their fellow consumers who have acce...

The study reports differentials between those who were disconnected, potentially connected, partially coiinectcd and fully connected in: basic computer skills, personal productivity, commercial activity, information gathering, interacting with government, civic discourse, and political expression.

The level of connectedness has implications on other media use, i.e., twenty-nine percent of ttic disconnected do not have a long distance telephone service and thirty-eight percent do not have a multichannel video service (cable or satellite), compared to eleven percent and thirteen percent of the fully connected respectively.

Income is lowest in the disconnected group ($25,500), and highest in the fully connected group ($45,200). Those who are fully and partially connected are much more likely to have at least a college degree rind be employed in managerial or professional occupations. The fully and partially connected are less likely to be black. Disconnected households are older and tend to be smaller.

Tlie study concludes that tlie digital divide is not the result of a failure of those without access to appreciate the importance of technology, rather it results from a maldistribution of skills and opportunities.

Collins, Erik L. and **Lynn M. Zoch,** "Targeting **the** Young, tlie **Poor,** tlie Less Educated: Thinking **Beyond** Traditional Media," ***Public Relations Review*, Summer 2001, Vol. 27** Issue **2, p. 197.**

This article focuses on ways to communicate pro-social messages to often overlooked and underserved societal subgroups. Specifically, tlie research focuses on methods of disseminating information to low-income persons lacking reading skills or high school education to encourage them to enroll in classes provided by a state's adult education programs.

The results of tlic research suggest that traditional mass media may not be the most appropriate or efficient information channels for public relations and other communicators wishing to convey such pro-social messages to similar audicnces. If mass media are employed, it may he necessary to rethink both the content and the intended receivers of such messages.

Armstrong, Annie Lauric, Catherine Lord, **and** Judith **Zelter, "Information** Needs of Low-Income Residents in **South** King County," ***Public Libraries*, Vol. 39 No. 6 (Nov/Dec. 2002) p. 330-5.**

In 1999 the King County Library System studied inforination needs of low-income resident—not necessarily library users—and the sources they turned to for information. While libraries were not ranked high as sources of information, residents responding to tlie survey indicated a relatively high use of libraries.

The study identified information needs in four categories that stand out above all others: career search; job advancement; culturally appropriate and translated materials; and Intcrnct skills. Research revealed that low-income resident do not consider libraries among their major sources of information. Residents were far inore likely to turn to family and friends for information (92%) than any other source, with staff at provider agencies cited second *most* often (52%), and community ncwslctters cited third (29%). Participants also cited newspapers (7%), school secretaries and school counselors (5%), and plionc books (2%) as their sources of infoniiation.

Bowser, Brandi, "Getting on **the Information** Country Road," ***American City and County*, Vol. 113 (Mar. 1998) p. 44-6**

When Congress passed the Telecommunications Act of 1996, it assumed the **Act** would nffcct all rural communitics as well as schools. libraries and hospitals in the very near future. However, while tlic Act specifically mandated that telecommunications service providers furnish all school across the United States with affordable Internet access, it did not make the same provision for local governments. This is not a problem for high-income, urban areas, but low-income, high cost rural areas find themselves being bypassed on tlic information superhighway because of a lack of funds.

Competition among service providers was expcctcd to offer more choices than ever before to rural communities, thereby eventually providing more affordable telecommunications service to everyone in the United States. However, competition is now expected to he less intense in rural areas than was originally thought because service providers arc unlikely to invest in wiring rural communities unless they are assured of a certain number of customers over a designated time.

Today, rural areas argue that tlic definition of universal service needs to be extended to include Internet access and other machine-to-machine services, such as high speed fax lines, at affordable costs. Although those services are routinely available in most cities, rural communities have traditionally been far less likely to have access to advanced telecommunications technology.

National Telecommunications and Information Administration (NTIA). "Falling through the Net: Toward Digital Inclusion." A report on the telecommunications and information technology gap in America. Washington, D.C. (2000) Available: http:www.ntia.doc.gov/ntiahome/fftn99/contents.html.

The fourth in a series of reports published by NTIA, this study reports that the divide between those with access to telephones, computers, and the Internet still exists and in many cases, is actually widening over time. Although overall access to information and communication technologies is increasing at a rapid rate, particular kinds of households are gaining access while others are not. Low-income persons and minorities, particularly when they reside in the inner city, are among tlie groups that are being left behind.

Goslee, Susan, "Losing Ground Rit by Bit: Low-Income Communities in the Information Age," The Benton Foundation, (1998).

This report, tlic latest in tlie Benton Foundation's "What's Going On" series exploring public interest issues in tlic Information Age, examines the technology gap in low-income communities, assesses what barriers are slowing the spread of new technologies to the underserved, and describes some of tlie most promising efforts to produce more equitable distribution.

According to tlie study, tlic design of the communications system through which we will talk to one another, learn from one another, and participate in political and economic life together is too important to be left to the free market alone. Public interests advocates—including representatives of the poor—must play an active role in both the policy arena and tlic marketplace to ensure that the emerging networks meet tlie basic economic, social, political, and cultural needs of everyone, regardless of their ability to pay or where they live.

The article argues that tlic debate over universal service is far from over. The Federal Communications Commission (FCC) must periodically review what communications services should be covered by universal service policies. The author further argues that public officials haven't been willing to go as far as needed or recommended in their efforts to close the technology gap.

2. What are the social consequences of the information gap?

Sunstein, Cass, *Republic.com*, (Princeton: Princeton University Press, 2001).

This book examines the drawbacks of "egocentric Internet use, while showing how to approach the Internet *as* responsible citizens, not just concerned consumers." According to tlie author, democracy depends on shared experiences and requires citizens to be exposed to topics and ideas that they **would** not have chosen in advance. Unplanned, unanticipated encounters arc cciitral to democracy itself. Such encounters often involve topics and points of view that people havc not been exposed to.

In evaluating tlie consequences of ncw communications technologies for democracy and frcc speech, Sunstein argucs that thc question is not whether to regulate the Net, and underscores the enormous potential to promote freedom as well as it potential to promote "cybercascades" of likc minded opinions that foster and enflame hate groups. Sunstein urges thc reader to ask several questions: How will the increasing power of private control affect deinocracy'?How will tlic Internet, the new forms of television, and the explosion of communications options alter the capacity of citizens to goveni themselves? What are the social preconditions for a well functioning systcin of democratic deliberation, or for individual freedom itself?

The book reminds us that tlie framers of tlie constitution supported tlie potential use of diversity for democratic debate. Instead of an obstacle, heterogeneity was viewed as a creative force that improved deliberation and produced better outcomes.

The book establishes two broad roles of citizenship as it relates to communication needs emphasizing tlic need for citizens to cnter tlie debate as speakcrs as well as listeners: on tlic speakers' side, the public forum doctrine creates a right of general access to heterogeneous citizens; on the listeners' side, the public forum creates an opportunity for shared exposure to diverse speakers with diverse views and complaints (p. 31). According to Sunstein, "If people are deprived of access to competing views on public issues, and if as a result they lack a taste for those views, they lack freedom, whatever tlic nature of their preferences and choices (p.108)." The book ends by suggesting a range of potential reforms to correct misconceptions and to improve deliberative democracy.

Chester, Jeff, "Strict Scrutiny: Why Journalists Should be Concerned about New Federal and Industry Media Deregulation Proposals," ***Press/Politics,*** **Vol. 7 No. 2, p. 105-115, 2002.**

This article argues that tlic likely loss of public interests protections resulting from deregulatory actions by the cui-rent Federal Communications Commission (FCC) will have a profound effect, not only on the public's access to a wide range of antagonistic voices in the traditional media, but also on the evolution of the Internet, which is already reflecting many of the ownership consolidation patterns of the mass media. According to the author, tlie FCC has thus failed to cxainine the impact of its media policies on journalism in general and civic discourse in particular, a failure that is unlikely to be covered by tlic mainstream press itself, beholden as that instihition has become to its corporate owners.

The article maintains that it is now time to have a much-needed public inquiry into how the media is structured and how tlie public is served. If the nation is to continue the building of a civil society in tlie digital age, it will have to address and confront tlie contentious relationships between corporate autonomy and power, journalism, and the public's right to be heard and to speak.

Although the author suggests that journalists should be concerned about recent trends, he states that "perhaps the idea that journalists can cover this without recrimination is impossible." As noted, "with rare exceptions (most notably a single *Nightline* covering the 1996 act). television has failed to cover the lobbyiiig role that its industry — and corporate parents—played in shaping that and other media-related policies."

Just, Marion, Rosalind Levinc, and Kathleen Regan, "News for Sale: Half of Stations Report Sponsor Pressure on News Decisions," ***Columbia Journalism Review,*** **Vol. 4 No. 4 supp (Nov./Dec. 2001),** p. **2-3.**

This ai-ticlc examines tlic intlucncc of people who buy ads on local TV news. In a survey of 1 IS news dircctors around the country between June and August 2001, more than half, 53 percent, reported that advertisers pressure them to kills negative stories or run positive ones.

News dircctors also reported their TV consultants (outside companies hired by stations to critique newscasts and improve ratings) issuing blanket edicts about what to cover and what not to cover in order to attract the most advertising dollars.

Together, the findings and comments raise questions about the journalistic independence of local television news. Breaking down the sponsor suggestions, 47 pcrceiit of news directors said sponsors ti-ied to get them to provide favorable coverage. And 18 percent of news dircctors say sponsors try to prcvcnt them from covering stories, a problem tliat is more acute in smaller markets. When it comes to advertisers trying to compel stories about themselves, 16 percent of stations said that they had been asked to cover sponsor events. Another 8 percent covered events that were partnerships between the station and the advertisers; 12 percent said the sales or advertising staff requested positive coverage of sponsors.

A half-dozen news dircctors singled out local car dealerships and auto manufacturers as the focus of squashed stories. News directors also mentioned health investigations at local restaurants as vulnerable. At two stations, for example, stories were killed when they reflected poorly on restaurant sponsors.

B. How have FCC structural regulation and new technology affected the information gap?

Shiver, Jube, Jr., "Pressure Mounts for FCC to Rewrite Television Ownership Guidelines," ***The Los Angeles Times,*** **April 19, 2001, Part C; Page 1; and Deggans, Eric, "A TV Critic's Fear Factor,"** ***The St. Petersburg Times,*** **December 16, 2002, Pg. 1D.**

According to BIA Financial, a Chantilly, Virginia reseal-ch firm, the number of television station owners had dropped by half between 1999 and 1995 because of deregulatory changes Congress approved in the Telecommunications Act of 1996. Just 370 entities owned one or more of tlie nation's 1,348 commercial television stations at tlie end of 1999, down from 749 stations owners in 1995.

A common assumption of media concentration is that it decreases the amount of news and information that people liavc and narrows the range of dcbatc. Examples of what has already occurred when rules have been relaxed include:

In 1999, rule changes permitted WTLV-TV owner Gannett Corp. to pili-chase competitor WJXX-TV in Jacksonville. Gannett soon merged the two stations' news operations, creating First Coast News, simulcast on both outlets — reducing the city's news voices. According to Electronic Media magazine, Gannett' competitor, Clear Channel, also owns two TV stations, 11 radio stations and an outdoor billboard company in tlie market.

When former BET owner Bob Johnson sold his cable channel to Viacom, reporters were told that the corporation would use its resources to help improve the channel's content, particularly in news programming. Instead, Viacom inoved to eliminate three important public affairs programs from tlic BET cable channel, seriously reducing tlic outlet's voice on social and political issues (tlie Sunday morning issues show *Lend Story* and the nightly interview program *BET Tonight* at the end of tlie year — along with the youth oriented program *Teen Summit*).

I. <u>What has been **the** impact **of** media consolidation **an the number and range of media** voices **available** tn **low income** families?</u>

"Democratic Discourse in the Digital **Information Age:** Legal Principles and Economic **Challenges at the Millennium," Consumers** Union and **Consumer Federation of America, January 2003.**
available at http://www.consumersunion.org/telecom/0102mediaexec.htm.

The article argues that consolidation of ownct-ship of news outlcts — horizontal mergers (acquisitions involving similar types of media) and vertical integration (consolidation of tlie entire distribution chain — poses a significant threat to democratic discourse. According to tlie report, narrowing the range of communications available in the mass media can influence the outcome of individual elections and tlie electoral process. It can also deeply affect the prospects for democracy by polarizing society and isolating minority points of view.

The report argues that a mountain of evidence from academic and trade literature supports an understanding of the mass media and democratic discourse. Further, it maintains that diversity of institutional forms is critical to promoting healthy antagonism between media outlets. With regard to the multiplicity of media sources, the report states that tclcvision, radio, newspapers, and tlic Internet serve different purposes for tlie public. There is little substitutability between the media for viewers or for advertisers.

The study notes the already dramatic loss of ownership diversity among TV and newspaper owners in the last 25 years. Between I975 and 2000, the number of TV

stations owners has declined from 540 to 360, while the number of TV newsrooms has been reduced hy almost 15 percent. The overwhelming majority of local TV markets are tight oligopolies (fewer than six equal sized firms) or duopolies (two, relatively equal-sized, firms that dominate the market). There has been an increase in tlie number of cable channels, according to tlic authors, but almost three-quarters are now owned by only six corporate entities, four of which also own major networks over the air.
While there is more variety in programming, there is not necessarily more diversity. Unlike TV, where there has been an increase in outlets, tlie study notes that there lias been a 20 percent decrease in tlic number and circulation of newspapers. The decrease in the number of owners of daily newspapcrs is even more dramatic, from over 860 in 1975 to fewer than 300 today. Combining newspaper and television ownership, the number of independent voices lias been cut by more than half since the mid-1970s, from about I500 to just over 600.

With regard to cross-ownership, tlie report argues that systematic studies of tlie position taken by cross-owned newspapers on issues that directly affect their econoniic interests show that they do not report the issues in a balanced fashion. This includes national policy issues, like the Telecommunications Act of 1996, and local issues, such as stadium bond proposals. Cross-owned papers also engage in biased coverage of television or forego analysis of television altogether. The report adamantly opposes further media consolidation.

2. **<u>What</u>** <u>lias</u> **<u>been</u>** <u>the</u> **<u>impact of new technology (Digital/Broadband) on the number and</u>** <u>range</u> **<u>of</u>** <u>media voices</u> **<u>available</u>** <u>to</u> **<u>low income</u>** <u>families?</u>

"Paving **the** Digital Highway, NECA **2001** Access **Market** Survey,'' National Exchange Carrier **Association** (NECA), **2001.**

Broadband networks are being deployed in rural serving areas in 45 states, with more than half the companies offering advanced communications services such as Digital Subscriber Line (DSL). In 1999 only 14% of local telcos had deployed broadband to sonic cxtcnt within their service territory.

The study estimates cost for completing broadband deployment at $10.9 billion. The study concludes that without supporting programs, high speed Internet connections are not economical in many rural telephone company territories because their serving areas arc located a great distance form the IBP. According to the study, "high-speed Internet service may not be sustainable in many rural areas."

EXHIBIT 3

SYRACUSE UNIVERSITY

S.I. NEWHOUSE SCHOOL OF PUBLIC COMMUNICATIONS

Statement of Hubert Brown

I, Hubert Brow. respectfully slate as follows:

I am an Assistant Professor of Broadcast Journalism at the S.I. Newhouse School of Public Communications. Syracuse University. I have been the teaching chair of the radio-television division of the Association for Education in Journalism and Mass Communications since August, 2002. In addition to teaching, I am a freelance producer and writer, and I serve as on-air talent for local radio and television stations. Recently, I produced a 30-minute television documentary on the role of African-American owned radio stations in their communities and the threats to their future. I offer these observations based on my scholarship and my experience in the industry.

The concept of the public airwaves is an idea that signifies inclusion of all of the people in society; their ideas, opinions, concepts and any thing else that defines the people in the community. As long as we have this principle, it is the primary responsibility of government to ensure that everyone is involved at all levels In the media industry. As such. minority media ownership should certainly be a goal of structural ownership regulation. Any deviation from this concept would be inconsistent with the moral objectives and commands of the Communications Act.

Competition in the marketplace is important not just from an economic standpoint. but also because it allows ideas to be expressed in the marketplace. Minority media ownership promotes more competition because it provides a voice in the community thal too often gets ignored. A media Industry that excludes minorities as owners would be far less responsive to the needs of the community than an industry that includes minorities. As we see majority owned companies becoming much larger, we are less likely to see certain viewpoints represented in the industry. We have lost many minority owners under the wave of consolidation. Consequently. minority viewpoints am under-represented in the industry. That under-representation is particularly severe relative lo the growing level of cultural and ethnic diversity in our society.

The media Industries operate much more efficiently when minorities are included. The efforts of large owners to present minority viewpoints lend to be inconsistent. If a company perceives that transmitting minority viewpoints would yield an economic benefit. it will present these viewpoints: otherwise these voices get shut out.

Further. inclusion of minorities in ownership promotes efficiency. In my work as a journalist. I have found that listeners exhibit less loyalty to a radio station when their viewpoints are under-=presented or not represented at all in the dation's broadcasts. This results in a system that is less efficient and less responsive to the needs of the entire community.

Minority media ownership definitely promotes divenily in the sense that an inclusive industry serves the needs of the community better and pmvides a wider reflection of the viewpoints of the community.

Media consolidation has had negative consequences for competition, efficiency and diversity. Although radio Is among the few media industries that is well suited for small owner-operators, many minority owned companies have had io sell their stations because they simply could not compete effectively with much larger companies. A very small handful of medium sized minority owners may have adjusted Io consolidation. but small minority owners have suffered tremendously. There is now a disincentive in the industry for individual owners to remain in the marketplace because they will never be able to grow large enough to hold their own against very large owners Even medium sized minority owners are becoming takeover targets a?the understandable insistence of their investors. As a result, we will have far fewer voices represented in the media, to the detriment of the entire society.

The Commission should take action to offset the advens impact of further deregulation in the industry. Market incentives should be developed to spur diversity in media ownership because the Industry is already at risk of becoming irreversibly dominated by very large companies. Voluntary efforts can be helpful, but clearly the Commission cannot rely primarily on these efforts, which often run against the economic imperatives in consolidators' business plans. Developing minority ownership initiatives should be among the Commission's top priorities this year.

Herbert Brown
January 15, 2003

EXHIBIT 4

HOWARD UNIVERSITY

SCHOOL OF COMMUNICATIONS
OFFICE OF THE DEAN

Declaration of Jannette L. Dates

I, Jannette L. Dates. respectfully slate as follows:

I *am* the Dean of Ihe Howard University School of Communications. My research interests Include the history arid prospects for minority participation in media ownership and employment.

Diverse programming, sewing an increasingly diverse society. can best be reflected in programming and entertainment through a diversity of ownership sources and of owners' own cultural and experiential backgrounds. The research literature establishes that when minorities are in ownership positions. they are more effective than most nonminority owners at embracing issues of concern lo their communities Minority media ownership allows the consumer lo have more choices in programming and entertainment. ensuring that consumers will receive a more honest assessment of who we are as a multi-cultural, multi-elhnic socieły.

The media industry is more effective and competitive when there 3re more lhan a handful of large companies lhal set the public issue agenda. When only a few companies dominate the induslry. what results is a squeezing out of voices that make up the remainder of the cominunily.

Our sociely is much more multi-cultural than the industry seems lo realize When a wide variety of voices is not heard, misunderstandings and anger arise amony those whose voices are excluded When certain segments *of* sociely are invisible or stereotyped in the media, discrimination against lhem tends to be regarded as socially acceplable The cure is a media ownership structure that provides minorities with opportunities to share their ideas, their liistories, and their culture with others.

Minorities were excluded from the ownership process from the 1920s through Ihe 1970s. when licenses were being alloted. Throuyhout this time period. and subsequenlly. majority owners were able to sell their companies lo olher majority owners, and thus Ihere has been a long tradition and hislory of excluding minorities from ownership opportunities.

Although we cannot undo the past, we certainly must make a much more concerted effoil lo avoid repeating our past mistakes Consequently, the Commission should implement programs that will ensure that groups that have been excluded from ownership will have genuine choices and opportunities for ownership today and in the future

Jannette L. Dates

Jannette L. Dates

January 20, 2003

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EXHIBIT 5

Declaration of C. Ann Hollifield

I, C. Ann Hollifield, respectfully state as follows:

I am an Associate Professor and Coordinator of the Michael J. Faherty Broadcast Management Laboratory in the Department of Telecommunications, Henry W. Grady College of Journalism & Mass Communication, University of Georgia. I have also enjoyed a career as a television journalist, public affairs producer and newsmagazine producer. Among my primary research interests are media diversity and the effects of ownership on media content. I offer these observations based upon my professional experience and scholarship.

The public interest is best served by having diversity in media ownership structures. Minority ownership is very critical in a society that **is** increasingly diverse; therefore, minority media ownership is a very important and necessary goal of media ownership regulation.

The idea of minority ownership promoting competition depends on how competition is defined. If it is defined as product differentiation, minority ownership could promote competition because it yields a wider range of owners, voices and viewpoints. A wider range of viewpoints offers more choices to consumers in terms of the style, content, and sources used in both news and entertainment programming. My research on the effects of ownership on content shows that ownership <u>does</u> have an impact on content, particularly when issues of critical importance arise. Ownership diversity is, therefore, related to the diversity of the content that reaches the public. Competition among owners enhances diversity.

Based on my experience as a journalist and television producer and reporter, I know that media products are people driven, in the sense that the quality of the product that the consumer receives is a direct reflection of the knowledge, expertise, and talent of the individuals who created the product. Thus, the more diverse the pool of people putting together the product, the higher the quality and the greater the diversity of content of the product. In that regard, minority media ownership promotes diversity.

My work in the area of media economics shows that economic conditions make it extremely difficult for small owners and minorities to obtain significant capital resources to finance a media outlet. Even if a mom & pop owner can buy into the market, it will be difficult for such an owner to survive in the marketplace. For example, small owners may be unable to Offer bundled services or offer price discounts to advertisers. However, the public interest in the media is not served solely by maximizing the economic efficiency of media companies. Were it so, then media would be no different from any other industry and, therefore, would be no more deserving of special constitutional protection than automobile dealers or grocery stores. The public interest in media is served by creating high-quality programs that are relevant to the civic, social and economic well-being of the epecific audience that the media outlet serves. Inherent in that role is the idea that there will be competition among diverse ideas and viewpoints in the information marketplace so that citizens may select for themselves the content, ideas and viewpoints most valuable to them. It was for this purpose, and this purpose alone, that media were granted special protection by the Founders of our nation. And my research suggests that diversity of ownership is an important factor in providing and preserving diversity of content and viewpoint.

Minorities have made great economic strides over the past 20-30 years in overcoming discrimination in broadcasting. However, when we look at radio and television ownership, a significant amount of diversity has been lost in the recent past. and thus the overall number of minorities owners has declined. Given the economic structure of the industry today, the likelihood of a significant increase in minority media ownership is very slight absent FCC intervention. The increasing levels of consolidation have made it difficult for minorities to break into the industry and survive. The logical remedial step would be the implementation of significant policies designed to sustain the economic viability of minority owned companies.

C. Ann Hollifield

January 21, 2003

EXHIBIT *6*

Declaration of Philip M. Napoli

I, Philip Napoli, respectfully state as follows:

I am an Assistant Professor of Communications and Media Management at the Graduate School of Business, Fordham University. My research interests include diversity, localism and minority media.

Minority ownership should be a necessary goal of structural regulation of the media industries. Recent research on minority media ownership has found a significant relationship between ownership and content. Thus, there is strong evidence lo support the proposition that minority media ownership promotes diversity. Reseerch suggests that minority owners are more likely to present content that is targeted to minority interests arid concerns. If minorities are excluded from ownership of media outlets, these viewpoints are less likely to be represented.

To the extent that ownership caps are further relaxed. we would probably see a further decline in minority owners, as well as a decline in independent and small group owners. In addition. there will be fewer available broadcasl stations for minorities to purchase, thus pushing minority owners into other media outlets such as the Internet, where they will likely reach a smaller audience.

Minority content providers face fewer barriers lo entry in the Inlernet and other new media. There is a common presumption that the availability of a variety of new media undermines the need for structural regulation in traditional media. However, it is important to recognize that these new media often do not serve as an effective substitute for traditional, mass audience media for content providers, audiences, or advertisers.

The Commission should work to offset any adverse impact that further structural ownership deregulation may have on minority media ownership and the availability of content addressing minority interests and concerns. Voluntary efforts within the industry lo protect and expand minority participation in media ownership and the availability of content directed at minority interests may not be sufficient.

In conclusion, it is incumbent upon the FCC to maintain a commitment to promoting minority modia ownership and the availability of content addressing minority interests and concerns Such a commitment is central to the Commission's duty to serve the public interest.

Philip M. Napoli

January 15,2003